GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1685
ANSWERED ON:12.12.2003
NPA OF FINANCIAL INSTITUTIONS
YEMPARALA VENKATESWARA RAO

Will the Minister of FINANCE be pleased to state:

(a) whether the financial institutions are saddled in arbitrations in the recovery of non- performing assets;

(b) if so, the total amount involved in the arbitration; and

(c) the steps being taken by the Government for early recovery of NPAs?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO V. ADSUL)

(a) & (b): Financial Institutions take recourse to Debt Recovery Tribunals (DRTs)/other measures and do not resort to arbitration.

(c): Government have introduced several enabling measures for improving the situation arising out of growing incidence of Non-Performing Assets (NPAs) through strengthening of Debt Recovery Tribunals (DRTs), introduction of Corporate Debt Restructuring (CDR) mechanism, enactment of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 and the setting of Asset Reconstruction Companies (ARCs). RBI has also issued circulars to FIs and banks to enter into non-discretionary and non-discriminatory mechanism for recovery of NPAs in all sectors through compromise settlements under One Time Settlement Scheme (OTS).